MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

DFA5058 – FINANCIAL ACCOUNTING

(For Diploma Students Only)

7th MARCH 2016
2:30pm – 4:30pm
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of SIX (6) pages only excluding the cover page.
2. There are **FOUR (4)** questions.
3. Answer **ALL** questions in the answer booklet provided.

QUESTION 1

PART A

Identify the impact on the accounting equation of each of the following transactions.

Example Answer: Increase in Assets and Increase in Owner's Capital.

(a) Purchased office supplies on account.

(b) Paid secretary weekly salary.

(c) Purchased office furniture for cash.

(d) Received monthly utility bill to be paid at later time.

(4 Marks)

PART B

Slim Sue, who is a professional dancer, owns Two Tango Enterprise where she provides dancing lessons to her customer. Below is the Ledger accounts of Two Tango prepared by the accounts clerk as at 31 January 2014.

	(RM)		(RM)
Accounts payable	1100	Rent expense	500
Accounts receivable	1,500	Service revenue	3,000
Cash	1,300	Supplies	200
Owner's capital	2,000	Salaries and wages expense	1,300
Owner's drawings	1,000	Utility expense	300

Instructions:

(a) Prepare the Trial Balance as at 31 January 2014 based on above information.

(5.5 Marks)

(b) Prepare the Statement of Comprehensive Income for the month of January 2014.

(3 Marks)

(c) Prepare the Statement of Changes in Owner's Equity for the month of January 2014.

(2.5 Marks)

Continued.....

PART C

Glam Deco, a wedding planner company, commences their business operation as at 1 January 2014. Throughout the month of January, several transactions occurred as below.

Jan 1 Invested RM50,000 cash in the business.

9 Purchased wedding equipment amounted RM8,000 for RM3,000 in cash and the remainder is to be paid on account.

12 Received a bill from KarangKraf Co. amounted RM600 for the advertising services.

15 Paid RM1,000 cash for a one-year Insurance Policy.

18 Received RM13,000 cash for a one-day wedding event.

20 Paid utility expense for office amounted RM450 cash.

23 Provide wedding service to a customer amounted RM12,500 of which RM2,500 was paid in cash and the remainder is to be paid on account.

26 Paid employees' salaries and wages expense amounted RM2,500 cash.

29 Withdrew RM2,000 cash from the business for personal use.

Instruction:

Journalize the above transactions. You may omit explanations. (10 Marks)

(TOTAL 25 MARKS)

QUESTION 2

PART A

The ledger of Pretzel Company as at 31 May 2014 shows below accounts, before adjusting entries as below:

	Debit (RM)	Credit (RM)
Prepaid insurance	3,000	
Supplies	3,120	
Equipment	25,800	
Accumulated depreciation - Equipment		10,320
Owner's capital		20,000
Unearned rent revenue		11,300
Rent revenue		2,800
Salaries and wages expense	12,500	
	44,420	44,420

Continued.....

Other information occurred as at 31 May 2014:

1. The equipment depreciates RM430 per month.
2. RM9,200 of the unearned rent revenue was earned during the quarter.
3. Accrued rent expense amounted RM450.
4. Remaining balance of supplies amounted RM1,500.
5. Insurance expire for the month RM250.

Instructions:

(a) Prepare the adjusting entries for the month of May 2014. (5 Marks)

(b) Prepare the adjusted Trial Balance as at 31 May 2014. (9 Marks)

PART B

Mandiga Company prepared the following adjusted Trial Balance as at 31 December 2014:

MANDIGA COMPANY
Adjusted Trial Balance
As at 31 December 2014

	(RM)	(RM)
Cash	8,200	
Accounts receivable	15,000	
Supplies	6,400	
Accounts payable		16,700
Unearned service revenue		20,500
Owner's capital		38,000
Owner's drawings	15,000	
Service revenue		9,620
Salaries and wages expense	6,000	
Miscellaneous expense	320	
Supplies expense	2,000	
Salaries and wages payable		1,500
	69,620	69,620

Instructions:

(a) Prepare the closing entries as at 31 December 2014. (5 Marks)

(b) Prepare the post-closing Trial Balance as at 31 December 2014. (4 Marks)

(c) Briefly explain correcting entries and reversing entries. (2 Marks)

(TOTAL 25 MARKS)

Continued.....

QUESTION 3

PART A

Presented below is information for Adoni Company for the month of April 2014.

	(RM)		(RM)
Cost of goods sold	84,500	Interest expense	800
Freight-out	2,300	Loss on disposal of plant assets	4,300
Insurance expense	1,800	Sales discounts	2,600
Salaries and wages expense	3,400	Sales return and allowances	14,000
Rent expense	1,000	Sales revenue	180,000

Instructions:

(a) Prepare the Multiple-Step Income Statement for the month ended 30 April 2014. (7 Marks)

(b) Briefly explain the meaning of the credit terms 2/10, n/30. (1 Mark)

(c) Distinguish between FOB Shipping point and FOB destination. Identify the freight terms that will result in a debit to Inventory by the buyer and a debit to Freight-Out by the seller. (2 Marks)

PART B

Milton Company prepared the following Cash accounts information as at 31 March 2014.

	(RM)		(RM)
Balance 1 March	18,247	Cash deposited	52,000
Balance 31 March	18,933	Cheques written	58,650

Bank Statement for the month of March 2014 showed a balance of RM15,232 as at 31 March together with the following memorandum.

Credits (RM)		Debits (RM)	
Collection of RM1,200 note plus interest RM50	1,250	NSF cheque: Nancy Drew	530
Interest earned on checking account	78	Safety deposit box rent	41

As at 31 March 2014, deposit in transit were RM6,147, and outstanding cheques amounted RM1,689.

Instructions:

(a) Prepare the Bank Reconciliation as at 31 March 2014. (5.5 Marks)

(b) Journalize the adjusting entries as at 31 March 2014 for Milton Company. (4.5 Marks)

(c) Identify and describe the FIVE (5) components of a good internal control system. (5 Marks)

(TOTAL 25 MARKS)

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QUESTION 4

PART A

Selected Comparative Statement data for Pricillia Company are presented below. All balances are as of 31 December 2014 and 2015.

	Year 2015 (RM)	Year 2014 (RM)
Net Sales	850,000	832,000
Cost of goods sold	450,000	470,000
Interest expense	6,200	6,350
Net income	38,500	37,420
Accounts receivable	130,300	110,300
Inventory	73,000	65,000
Total assets	623,000	625,000
Total common stockholder's equity	391,000	384,000

Instructions:

Compute the following ratios for the year 2015.

(a) Inventory turnover

(b) Profit margin

(c) Assets turnover

(d) Return on assets

(e) Return on common stockholder's equity

(Total 10 Marks)

PART B

According to the Financial Accounting Standard Board (FASB), there are THREE (3) levels that form the Accounting Conceptual Framework. This framework serves as a formal guideline for companies and corporations to follow to ensure financial information are useful in making decisions.

Instruction:

Briefly explain and identify items included in each of the THREE (3) levels.

(6 Marks)

PART C

Presented below comparative financial information for Rakuzen Company for the year 2015 and 2014.

	Year 2015 (RM)	Year 2014 (RM)
Current assets	313,500	200,000
Plant assets	374,000	353,000
Current liabilities	87,500	67,000
Long-term liabilities	142,000	83,000
Common Stock, RM1 per share	217,000	203,000
Retained earnings	241,000	200,000

Instruction:

Prepare the comparative Statement of Financial Position showing a Horizontal analysis for the year 2015 by using the year 2014 as the base year.

(9 Marks)

(TOTAL 25 MARKS)

End of page.